

# HOUSE BILL No. 1016

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-25-16-1; IC 20-26-15-6; IC 20-39-5; IC 20-40; IC 20-46-5-12.

**Synopsis:** Transfer of money between funds. Permits, with several restrictions, a school corporation to transfer money in the corporation's general fund, transportation fund, capital projects fund, or school bus replacement fund to another fund for the purposes of the fund to which the money is transferred.

**Effective:** July 1, 2010.

**Truitt**

January 5, 2010, read first time and referred to Committee on Education.

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Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

## HOUSE BILL No. 1016

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A BILL FOR AN ACT to amend the Indiana Code concerning education.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 20-25-16-1, AS AMENDED BY P.L.2-2006,  
2       SECTION 116, IS AMENDED TO READ AS FOLLOWS  
3       [EFFECTIVE JULY 1, 2010]: Sec. 1. To provide the board with the  
4       necessary flexibility and resources to carry out this article, the  
5       following apply:

6               (1) The board may:

7                       (A) eliminate or modify existing policies;

8                       (B) create new policies; and

9                       (C) alter policies;

10              subject to this article and the plan developed under IC 20-25-10.

11              (2) IC 20-29 applies to the school city, except for the provision of  
12              IC 20-29-6-7(a) that requires any items included in the 1972-1973  
13              agreements between an employer school corporation and an  
14              employee organization to continue to be bargainable.

15              (3) The board may waive the following statutes and rules for any  
16              school in the school city without administrative, regulatory, or  
17              legislative approval:



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(A) The following rules concerning curriculum and instructional time:

~~511 IAC 6.1-3-4~~

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4.

(B) 511 IAC 6.1-4-1 concerning student/teacher ratios.

(C) The following statutes and rules concerning textbooks and rules adopted under the statutes:

IC 20-20-5-1 through IC 20-20-5-4

IC 20-20-5-23

IC 20-26-12-1

IC 20-26-12-2

IC 20-26-12-24

IC 20-26-12-26

IC 20-26-12-28

511 IAC 6.1-5-5.

(D) 511 IAC 6.1-4-2 concerning school principals.

(4) Notwithstanding any other law, a school city may do the following:

(A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school city purpose.

(B) Establish a professional development and technology fund to be used for:

(i) professional development; or

(ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation to any account of the school corporation, including a professional development and technology fund established under clause (B).

(5) Transfer funds obtained from property taxation to the general fund and the school transportation fund, subject to the following:

(A) ~~The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this subdivision. transfer is subject to the procedures in IC 20-39-5.~~

(B) This subdivision does not allow a school corporation to

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- 1 transfer to any other fund money from the debt service fund.
- 2 SECTION 2. IC 20-26-15-6, AS AMENDED BY P.L.2-2006,
- 3 SECTION 135, IS AMENDED TO READ AS FOLLOWS
- 4 [EFFECTIVE JULY 1, 2010]: Sec. 6. Except as provided in this
- 5 chapter and notwithstanding any other law, a freeway school
- 6 corporation or a freeway school may do the following during the
- 7 contract period:
- 8 (1) Disregard the observance of any statute or rule that is listed in
- 9 the contract.
- 10 (2) Lease school transportation equipment to others for nonschool
- 11 use when the equipment is not in use for a school corporation
- 12 purpose, if the lessee has not received a bid from a private entity
- 13 to provide transportation equipment or services for the same
- 14 purpose.
- 15 (3) Replace the budget and accounting system that is required by
- 16 law with a budget or accounting system that is frequently used in
- 17 the private business community. The state board of accounts may
- 18 not go beyond the requirements imposed upon the state board of
- 19 accounts by statute in reviewing the budget and accounting
- 20 system used by a freeway school corporation or a freeway school.
- 21 (4) Establish a professional development and technology fund to
- 22 be used for:
- 23 (A) professional development; or
- 24 (B) technology, including video distance learning.
- 25 However, any money deposited in the professional development
- 26 and technology fund for technology purposes must be transferred
- 27 to the school technology fund.
- 28 (5) Subject to subdivision (4), transfer funds obtained from
- 29 sources other than state or local government taxation among any
- 30 accounts of the school corporation, including a professional
- 31 development and technology fund established under subdivision
- 32 (4).
- 33 (6) Transfer funds obtained from property taxation and from state
- 34 distributions among the general fund and the school
- 35 transportation fund, subject to the following:
- 36 (A) The sum of the property tax rates for the general fund and
- 37 the school transportation fund after a transfer occurs under this
- 38 subdivision may not exceed the sum of the property tax rates
- 39 for the general fund and the school transportation fund before
- 40 a transfer occurs under this subdivision: **transfer is subject to**
- 41 **the procedures in IC 20-39-5.**
- 42 (B) This subdivision does not allow a school corporation to

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transfer to any other fund money from the

(i) ~~capital projects fund~~; or

(ii) debt service fund.

(7) Establish a locally adopted assessment program to replace the assessment of students under the ISTEP program established under IC 20-32-5-15, subject to the following:

(A) A locally adopted assessment program must be established by the governing body and approved by the department.

(B) A locally adopted assessment program may use a locally developed test or a nationally developed test.

(C) Results of assessments under a locally adopted assessment program are subject to the same reporting requirements as results under the ISTEP program.

(D) Each student who completes a locally adopted assessment program and the student's parent have the same rights to inspection and rescoring as set forth in IC 20-32-5-9.

SECTION 3. IC 20-39-5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]:

**Chapter 5. Transfer of Money Between Funds**

**Sec. 1. This chapter applies to all school corporations.**

**Sec. 2. This chapter applies only to a transfer among the following funds:**

(1) General fund.

(2) Transportation fund.

(3) Capital projects fund.

(4) School bus replacement fund.

**Sec. 3. This chapter does not apply to the following:**

(1) Money that is pledged to pay debt or make lease payments or required by an agreement to be held as a reserve for the payment of debt or lease payments.

(2) Money in the possession of a school corporation that is restricted by the terms of a loan, grant, gift, bequest, or other agreement.

(3) Money levied from a fund to pay an advance from the state or from the common school fund.

**Sec. 4. This chapter shall be treated as supplementing the powers granted to a school corporation by any other law to transfer money between funds.**

**Sec. 5. The proper officers of a school corporation may transfer money from one (1) of the school corporation's funds to another fund of the school corporation after the adoption of a resolution**

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specifying the:

- (1) amount of the transfer;
- (2) funds involved;
- (3) date of the transfer; and
- (4) general purpose of the transfer.

Sec. 6. Before making a transfer under this chapter, the school corporation shall publish a notice of the transfer one (1) time in conformity with IC 5-3-1. The notice must include the information required in section 5 of this chapter for the resolution authorizing the transfer.

Sec. 7. Money transferred from one (1) fund to another under this chapter is available for use for the purposes of the fund to which the money is transferred after an appropriation of the funds in the manner provided by law.

Sec. 8. A transfer of money under this chapter does not reduce the property tax levy that may be imposed under any other law for any fund described in section 2 of this chapter. However, a school corporation may not increase a property tax levy under IC 20-46-4-10 (fuel adjustment) or IC 20-46-5-4 (school bus replacement fund) to replace money transferred under this chapter.

SECTION 4. IC 20-40-2-4, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 4. Except as provided by law, any lawful school expenses payable from any other fund of a school corporation, including debt service and capital outlay, ~~but excluding costs attributable to transportation (as defined in IC 20-40-6-1)~~, may be budgeted in and paid from the fund.

SECTION 5. IC 20-40-8-7, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 7. Interest on money in the fund, including the fund's pro rata share of interest earned on the investment of total money on deposit, shall be deposited in the fund. However, the governing body may adopt a resolution to transfer any interest earned on money in the fund to ~~the school corporation's general fund~~; **another fund under IC 20-39-5.**

SECTION 6. IC 20-40-8-20, AS AMENDED BY P.L.234-2007, SECTION 231, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 20. Money in the fund may be transferred to another fund and used as provided by law. The laws permitting a transfer of money from the fund include the following:

- (1) IC 20-20-10-5 (implementation of technology preparation task

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force).

**(2) IC 20-39-5 (transfer of money between funds).**

~~(2) (3)~~ IC 20-40-11-3 (repair and replacement fund).

~~(3) (4)~~ IC 20-40-12-6 (self-insurance fund).

~~(4) (5)~~ IC 20-49-4-22 (advance for educational technology program).

SECTION 7. IC 20-40-11-3, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 3. (a) The procedure for establishing a fund is the same as the procedure to be used in making an additional appropriation under IC 6-1.1-18-5.

(b) The resolution of the governing body must be in the form prescribed by the department of local government finance and must contain at least the following:

(1) The annual amount permitted to be expended from the fund each year.

(2) The duration of the fund, which may not exceed five (5) years.

(3) That the sources for the fund for each year must be from ~~either the general fund or the capital projects fund; or both:~~ **a fund described in IC 20-39-5-2.**

SECTION 8. IC 20-40-12-6, AS AMENDED BY P.L.146-2008, SECTION 479, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 6. Subject to the approval of the commissioner of insurance, the governing body of the school corporation may:

(1) transfer to the fund an amount of money in the general fund budget;

(2) transfer money from ~~the general~~ **a fund described in IC 20-39-5-2** to the fund; **or**

(3) appropriate money from the general fund for the fund. ~~or~~

~~(4) transfer money from the capital projects fund to the fund; to the extent that money in the capital projects fund may be used for property or casualty insurance.~~

SECTION 9. IC 20-46-5-12, AS ADDED BY P.L.234-2007, SECTION 264, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 12. (a) If:

(1) a school corporation enters into a lease agreement with the Indiana bond bank for the lease of one (1) or more school buses under IC 5-1.5-4-1(a)(5);

(2) the lease agreement conforms with the school corporation's ten (10) year school bus replacement plan approved by the department of local government finance under section 9 of this

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chapter; and

(3) in the first full fiscal year after the effective date of the lease agreement, there would otherwise be a reduction in the levy in an amount equal to the difference between the total purchase price of the bus or buses and the total rental payment due under the lease agreement;

the levy in that fiscal year may not be reduced by the amount of the reduction.

(b) Any or all of the amount of that part of the levy may, on or before the end of the year of its collection, be:

(1) retained in the fund;

(2) transferred to the school transportation fund established under IC 20-40-6-4; or

(3) transferred to the capital projects fund established under IC 20-40-8-6; or

**(4) transferred to another fund described in IC 20-39-5-2.**

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